



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:
CELD-ZA (700)

30 JUN 1999

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Inventory Management Implementation Plan - Phase II

1. On 20 Oct 98, I directed implementation of a two-phased plan to gain control and accountability over our inventory assets and more effectively manage them. Phase I, which focused on items with a value of \$1 OK and over and mission essential items regardless of cost, will be completed NLT 30 Jun 99. Major Subordinate Command and FOA Commanders/Directors will certify that this task has been completed NLT 1 Jul 99. I appreciate the effort that you and your people have devoted to accomplishing this first important step in gaining control and visibility of our inventory assets.

2. Now it is time to begin Phase II of this plan which will cover all stocked items (supplies and material) regardless of dollar value. This involves all items not destined for immediate consumption including items stocked in self-service supply centers. All items will be placed in and managed by the appropriate CEFMS inventory module NLT 30 Sep 99. Detailed implementation plan is enclosed. Highlights include:

a. Commanders will validate stockage lists to ensure stocks are held to a minimum and that stocked items common to more than one project within a district/center/field' operating activity are entered into the Revolving Fund Inventory Module of CEFMS. Accountable officers will conduct spot checks of project sites to verify that all inventory items have been captured and are managed in the correct module of CEFMS.

b. Military-funded inventory assets will also be identified. Organizations with military-funded inventory assets will identify and make them visible to the Director of Logistics NLT 31 July 99. Based on this input, an analysis will determine feasibility of developing CEFMS capability to manage these items.

c. Just-in-time (JIT) delivery methods will be used to minimize stocks and associated costs. The rule is "buy it when you need it" and only in the minimum quantity required to prevent mission failure. While all stocked items will be in CEFMS, we do not want to stock pens, pencils and other supplies that can be readily obtained from other sources on a JIT basis. Commanders will continuously review and evaluate stocked items and levels to minimize stockage.

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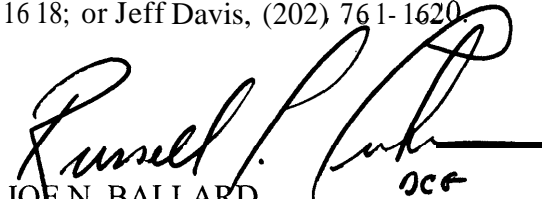
d. Management reports/queries found on web page <http://www.hq.usace.army.mil/celd/invrpts.htm> and <http://www.hq.usace.army.mil/celd/inv.htm> (at "Download SQL Scripts - Run report locally to see what is in inventory") will be used to access trends, identify costs, and provide total asset visibility. The Director of Logistics and the Major Subordinate Commands will identify USACE-wide items that are common to two or more districts/divisions/centers/field operating activities, and explore alternative acquisition processes.

e. Inventory management performance indicators and criteria located on the web at <http://www.hq.usace.army.mil/celd/invperf.pdf> will also be used to evaluate the effectiveness of inventory management programs. This guidance is also included in the Consolidated Command Guidance (CCG) for FY00.

3. I expect each of you to take an active part in implementing Phase II and providing the necessary resources to support the implementation effort. Your efforts will ensure that the Corps has complete visibility over all inventory assets and that these stocks are held to the minimum essential levels required to ensure mission success.

4. The point of contact is Ray Urena, (202) 76 1-16 18; or Jeff Davis, (202) 76 1- 1620.

Encl
as


JOE N. BALLARD
Lieutenant General, USA
Commanding

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